



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 11, 2014

Via E-Mail & First Class Mail

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MAR 11 2014

Law Office of Stephen L. Braga PLLC
3079 Woods Cove Lane
Woodbridge, VA 22192

RE: MUR 6454
Patricia D. Cornwell

Dear Ms. Lukey and Mr. Braga:

On March 6, 2014, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of violations of 2 U.S.C. §§ 441a(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended (the "Act"). Accordingly, the file has been closed in this matter. Please be advised that the civil penalty in this agreement reflects unusual factors brought forth during the conciliation process.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

Christine C. Gallagher
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

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In the Matter of

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MUR 6454

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Patricia D. Cornwell

OFFICE OF GENERAL
COUNSEL

CONCILIATION AGREEMENT

This matter was initiated by a *sua sponte* submission made to the Federal Election Commission ("Commission") by Anchin Block & Anchin, LLP ("Anchin"), Patricia D. Cornwell's former business manager. On the basis of the information then available, the Commission found reason to believe that Anchin principal, Evan Snapper, used funds under Anchin's management but belonging to Patricia D. Cornwell ("Cornwell") to reimburse campaign contributions made by others, resulting in a violation of 2 U.S.C. §§ 441a(a) and 441f. Although the funds belonged to Cornwell, the Commission made no knowing and willful findings as to Cornwell.

NOW, THEREFORE, the Commission and Cornwell, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over Cornwell and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Cornwell has worked cooperatively with the Commission to address the improper use of her funds by Anchin and Snapper and has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Cornwell enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

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1. Between 2005 and 2009, Cornwell was a client of Anchin, a New York-based accounting and business management firm which served as Cornwell's full-service business manager.

2. During most of that time period, Evan H. Snapper ("Snapper"), as a principal in Anchin's Business Management Unit, supervised the client services side of Cornwell's account, including handling all of her political contributions. Because of concerns about how Anchin was managing her funds and business concerns, Cornwell terminated her business relationship with Anchin on or about September 1, 2009.

3. On October 13, 2009, Cornwell filed a multi-count, multi-million dollar lawsuit against Anchin, to which she later added Snapper as a defendant, in federal court in the District of Massachusetts alleging negligent performance of professional services and breach of fiduciary duty, among other counts, during the prior business relationship. Among the specific allegations in these counts, the Respondent's amended complaint alleged that Snapper reimbursed himself and others improperly from Respondent's accounts for contributions made to political candidates and Anchin and/or Snapper falsely accused Respondent of instructing Snapper to make these reimbursements with knowledge of their illegality. Anchin and Snapper denied these allegations. After a seven-week jury trial, the lawsuit, styled *CEI, et al. v. Anchin, Block & Anchin LLP, et al.*, No. 09-11708-GAO ("the private litigation") resulted in special verdicts on February 19, 2013, in favor of Cornwell of \$3,479,045 for negligent performance of professional services, \$22,405,400 for breach of fiduciary duty (plus punitive damages in the same amount on that count), as well as additional damages for breach of contract. On May 28, 2013, the District Court entered judgment in favor of Cornwell for her claims of negligent performance of professional services, breach of fiduciary duty, and breach of contract. Anchin and Snapper are appealing the judgment.

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4. Hillary Clinton for President is a political committee within the meaning of 2 U.S.C. § 431(4).

5. The Federal Election Campaign Act of 1971, as amended ("the Act"), and the Commission's regulations prohibit any person from making a contribution in the name of another person. 2 U.S.C. § 441f.

6. During the 2007-2008 election cycle, the Act prohibited a person from making a contribution to any candidate and his authorized political committee which exceeded \$2,300 per election. 2 U.S.C. § 441a(a).

7. The Act and the Commission's regulations define "contribution" as including "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(8)(A)(i); 11 C.F.R. § 100.52.

8. In or around March 2008, Snapper sent Cornwell an invitation to an Elton John concert on April 9, 2008, to support the Hillary Clinton Presidential campaign, with the message "sounds like fun!" Snapper had previously informed Cornwell that she had reached the maximum level of contributions to the Clinton campaign.

9. In response, Cornwell told Snapper that she would like to purchase a large block of tickets to the concert and donate them back to the campaign to be resold. Snapper told her that doing so was prohibited because of campaign restrictions. Snapper thereafter suggested that Cornwell could find other people to buy tickets to the concert. Cornwell testified at the trial in the private litigation that she understood these "restrictions" were imposed by the Clinton campaign, and not as a matter of law. Cornwell also sent a contemporaneous email to a friend

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stating that as to the event, "unlike other political fundraisers, there isn't a limit to what you can donate."

10. Cornwell asked several friends and family members to join her and her spouse at the concert, with the understanding that she would reimburse them for their tickets, and told them to work out the details with Snapper. When it turned out that Cornwell and her spouse would not be able to attend the concert, Cornwell's friends and family members also decided not to attend. Cornwell gave four of their tickets to a friend, and understood that Snapper and another Anchin employee who worked on Cornwell's account would use whatever additional tickets were available. During the trial in the private litigation, Cornwell testified that, believing it to be lawful and unaware that the purchases of concert tickets were treated as campaign contributions, she authorized Snapper to use her funds to reimburse the tickets purchased by her friends and family members, and that she told Snapper that he could use such tickets as would otherwise be unused when she and her guests decided not to attend. Cornwell did not personally write any checks for such contributions. She testified that she was not aware before discovery in the private litigation that Snapper also had solicited several other individuals employed by or associated with Anchin, including some of their spouses, to buy tickets for the Elton John concert with the understanding that they would be reimbursed for those purchases. He reimbursed these individuals, as well as Cornwell's family and friends, from Cornwell-related accounts under Anchin's management. Ms. Cornwell testified in the private litigation that she did not authorize, and was not aware before the private litigation of, the reimbursements made by Snapper to individuals employed by or associated with Anchin.

11. During March and April 2008, Snapper reimbursed contributions to the Hillary Clinton Presidential campaign, totalling \$48,300, in several ways, including with cash, through

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payments by check to individuals, or through payments directly to the individuals' credit card companies. Without Cornwell's knowledge, Snapper caused these reimbursements to be falsely recorded in Anchin's records and on client financial statements to disguise the purpose of the reimbursements.

12. Cornwell testified in the civil trial that she relied on Snapper to handle all of her political contributions during the period that Anchin was her business manager; and, because Snapper was an attorney, an accountant, and her fiduciary, whatever actions she took and/or authorized concerning these contributions were done in reliance on the advice and guidance of Snapper, whom she trusted to keep her conduct within lawful bounds. She further testified that she believed at all times that whatever actions she took and/or authorized with respect to these contributions were proper and lawful. She has informed the Commission that she has elected to proceed to conciliation because she became aware during the civil litigation that the reimbursed contributions made with her funds resulted in her violating the Act in a manner that was not knowing and willful.

V. Cornwell's funds were used by Snapper to make contributions that exceeded Cornwell's permissible maximum and contributions in the names of others, in violation of 2 U.S.C. §§ 441a(a) and 441f.

VI. Cornwell will take the following actions:

1. Due to the circumstances of this matter, the Commission agrees to a civil penalty equal to a single statutory penalty amount of \$6,500, pursuant to 2 U.S.C. § 437g(a)(5)(A).
2. Cornwell hereby waives the right to any refund of all political contributions from Hillary Clinton for President.
3. Cornwell agrees not to violate 2 U.S.C. §§ 441a(a) and 441f in the future.

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VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Cornwell agrees to comply with and implement the requirements contained in this agreement within 30 days from the date this agreement becomes effective.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lisa J. Stevenson
Deputy General Counsel for Law

BY: Kathleen M. Guith
Kathleen M. Guith
Deputy Associate General Counsel
for Enforcement

3-11-14
Date

FOR CORNWELL:

Joan A. Lukey
Joan A. Lukey, Esq.
Counsel for Patricia D. Cornwell

12/16/13
Date

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